

**UNITED STATES BANKRUPTCY COURT  
Eastern District of Michigan**

**A GUIDE FOR THE *PRO SE* FILER**

**July 2008**

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## **INTRODUCTION**

This manual is prepared for individuals who have decided to proceed with a bankruptcy filing without the assistance of legal counsel. **The Court strongly encourages individuals to seek the services of competent counsel.** Bankruptcy proceedings are complex legal proceedings. The results of these proceeding will have long term consequences. The chances of successfully completing the process are much greater if you have an attorney, especially on a chapter 13 case.

However, if an individual chooses to proceed without an attorney the information contained in this document may be helpful. Please be aware that Bankruptcy Court employees are unable to provide legal advice. The procedural steps in the filing of a bankruptcy petition and the management of a case are explained in this manual for your convenience.

## **LOCATING LEGAL AUTHORITY/STATUTORY SOURCES**

The federal bankruptcy law is found under Title 11 of the United States Code. Copies of the United States Code are available at public libraries and may be found online at <http://www.law.cornell.edu/topics/bankruptcy.html>. There are also federal and local rules and forms that apply to every bankruptcy case. The federal rules and forms are available on the same website. The local rules and forms are available on the Court's website: <http://www.mieb.uscourts.gov>

## **THE EFFECT OF REPEAT FILINGS**

### ■ Automatic Stay

If you have filed a bankruptcy petition within the previous 12 months, you should be aware that the automatic stay provided under 11 U.S.C. §362(a) may not take effect in another case or may be of limited duration. The stay is operative for only 30-days if you had a prior bankruptcy case pending that were dismissed within the previous 12-months. The stay does not go into effect at all if you had two cases that were dismissed pending in the prior 12-months. Read the section of the law noted above if you have any questions or to determine whether or not this may apply to you.

### ■ Discharge

If you have filed a bankruptcy case previously and received a discharge, the law limits how often you may file again and receive another discharge of your debts.

## **BEFORE FILING FOR BANKRUPTCY**

The initial goal of bankruptcy is to relieve an individual of unmanageable debt and, through the use of the allowed exemptions, to leave the individual with the means to support himself or herself and family. The bankruptcy law requires that a debtor seek credit counseling before filing a bankruptcy petition. The Office of the United States Trustee has an approved list of credit counseling agencies for each state. This list is updated regularly; check the *Credit Counseling* link on the court's website for the current list. The lists for each of the other states is also available on the website.

You must attend credit counseling either in person, over the telephone, or by the internet. If a repayment plan was developed for you by the credit counseling agency, the repayment plan as well as the certificate must be filed with the bankruptcy petition.

A bankruptcy petition preparer may assist you with paperwork, however, a preparer is

not an attorney and is prohibited from giving legal advice. Furthermore, a petition preparer must comply with Title 11 U.S.C. §110, provide his/her tax identification number, and disclose any compensation you paid for the services. A preparer will generally have the forms available for you and assist you in completing the routine information; but remember, he or she is not an attorney and cannot and should not be advising you on what chapter to file, what exemptions to claim, how secured debt may be affected, and generally how your case will be resolved.

If you do plan to file a bankruptcy petition without assistance, the first step in the process is to secure the proper forms. The official forms, authorized by the Judicial Conference of the United States, are available from any legal stationery store, or you can download them for free at <http://www.mieb.uscourts.gov>. You need to determine which type of bankruptcy is best for you: Chapter 7, 11 or 13. Basically, in a Chapter 7 you turn your nonexempt assets over to a trustee who then liquidates, or sells them, to pay your creditors. In a Chapter 13, you devise a plan in which you pay creditors back a percentage of what you owe them over a period of up to five years. **Note : *The Court's Local Rules have a special section devoted to Chapter 13 cases. Go to <http://www.mieb.uscourts.gov/rulesAndForms/LBR.pdf> for additional information.*** A Chapter 11 generally is filed by individuals who have debts that exceed the amounts allowed under a Chapter 13 [See 11 U.S. C. §109(e)]. Similar to a Chapter 13 case, in a Chapter 11 the debtor devises a plan to pay creditors back over a period of time. Chapter 11 is intended primarily for business debtors, so individuals may find the reporting and accounting requirements and the potential for the creation of a creditor committee to be unduly burdensome and expensive.

## **PREPARING THE PAPERWORK**

Once you have decided on which chapter to file, you must complete the forms. Gather all your paperwork together, past and present bills, collection notices, etc., as well as your pay stubs and the prior year's tax return. The first pages, referred to as the "petition pages," are self-explanatory; names(s), address(es), telephone number(s), social security number(s), chapter you wish to file, number of creditors, estimated assets and estimated debt, and the like. You must answer all the questions that apply to you.

You must sign the petition on the signature line for the debtor. If this is a joint petition, a husband and a wife, then both parties must sign. An individual and a corporation cannot file a joint petition, however, if you own an unincorporated business then you may include the business name and the debts it owes in your petition. For example, John Doe runs a deli called The Corner Deli. It is not a corporation. He could file bankruptcy as John Doe, d/b/a (Doing Business As) The Corner Deli, and include any debts the business owes since he is personally responsible for those debts. If the business was incorporated, it would have to file its own separate bankruptcy petition with the assistance of an attorney.

Once you file your bankruptcy petition, the Court will send a notice of a meeting of creditors to all the creditors you list on your matrix. The Court requires that you provide a typed

list of all of these creditors in a specific format so that the names and addresses can be scanned into the computer. This is called a matrix. The mailing matrix must be typed or printed on plain, white paper, in a single column, no closer than one inch from the top or bottom edge of the paper. Each creditor record must be no more than five (5) lines; each line must be 40 characters or fewer in length, and each name/address block must be separated by a least two (2) blank line. Avoid extra or stray marks anywhere on the paper; do not type page numbers, case numbers, the debtor(s)' names(s) . This is a mailing list of creditors only. The names and addresses must be single space, in one column from the top to the bottom of the page. The Court will send the notice to each of the creditors on your matrix. Be sure to include all creditors listed in your schedules.

The next several sections of the bankruptcy petition are what is called the schedules. There are schedules A through J. Your answer to every question must be accurate and completely honest because you are swearing under the penalty of perjury that each statement you are making is truthful. Title 18 of the United States Code provides penalties, including fines and jail time, for falsifying bankruptcy schedules, concealing assets and other bankruptcy related crimes.

- **Schedule A** (Official Form B 6A) is entitled “ Real Property.” This form is a listing of your real property, that is, any interest (however small), that you own in any real estate, whether it is land, a house, a condominium or other place of abode. As with each of the schedules, if it does not apply you, check off the box at the top left that says “None.” If you check “None” on Schedule A that means that you do not own any real estate of any kind any where.
- **Schedule B** ( Official Form B 6B) is entitled “ Personal Property. This form is a listing of your personal property, everything from jewelry and china to automobiles and airplanes, and everything in between. There are 32 questions regarding any possible type of personal property that a person might own. Read each question on the left side of the form carefully and answer it honestly and completely
- **Schedule C** (Official Form B 6C) is entitled “ Property Claimed as Exempt.” This form is a listing of exemptions. This is where you choose which set of exemptions, the state or the federal, you will choose to exempt your assets. If this is a joint case, both debtors must file a separate schedule C. In Michigan you can choose the exemptions allowed under either state law or federal bankruptcy law. This is a legal decision that only you can make. Neither court personnel nor a petition preparer is permitted, qualified or trained to give you this advice. Once you have decided which exemptions you will use, follow the directions and list the real and personal property items that you are exempting and the section of the law or statute that permits that exemption. The federal bankruptcy exemptions can be found under Title 11, United States Code, §522(d). For the state exemptions refer to the section on exemptions under Michigan law.

- **Schedule D** (Official Form B 6D) is entitled “Creditors Holding Secured Claims. This form is a list of creditors that have a security interest in any real or personal property that you own or have any interest in. Generally, a security interest is when a lender gives you a loan so you can purchase an item, such as a car or a house, in exchange for which you give the lender the right to take that item (the car or house) if you fail to make the agreed upon loan payments. In other words, you give a security interest in the item to the lender as collateral to insure that if you do not pay the money back as agreed, the lender can get the money by taking the items. Legally, this is what is called a security interest. Schedule D requires that you list any security interest that a creditor holds in your property. Certain creditors also would be listed here if they had a lien against any of your property, such as a creditor who went to court and received a judgment against you and then placed a lien or attachment on your real estate to “secure” payment of the judgment. This type of creditor also now has a security interest in your property.
  
- **Schedule E** (Official Form B 6E) is entitled “Creditors Holding Unsecured Priority Claims.” This form is a list of unsecured creditors who are entitled to priority. The section of the bankruptcy law on priorities is 11 U.S.C. §507. Generally, priority creditors in an individual case would be entities such as taxing authorities, but you should review §507 to be sure you include all that may apply in your particular case.
  
- **Schedule F** (Official Form B 6F) is entitled “Creditors Holding Unsecured Priority Claims.” This is a list of unsecured creditors without any priority. If a creditor is not secured and is not entitled to a priority, then they are an unsecured creditor and should be listed here. Common examples would be debts owed to credit card companies, utility companies, unsecured personal loans (e.g., from a bank or other lender, a relative or a friend), debts owed as a co-signor on a loan, student loans, and tort claims (people or property injured or damaged due to your alleged negligence).
  
- **Schedule G** (Official Form B 6G) is entitled “Executory contracts and Unexpired Leases.” This is a list of all unexpired leases and executory contracts that you are a party to, either as the lessor or the lessee. For an individual the most common type of lease would involve the leasing of an automobile, but a person might also be involved in a lease for residential or commercial property. An individual involved in an unincorporated business might have many leases involving such things as copiers, computers, equipment and so on. If the business is not a corporation, then the debtor signed the leases as an individual and therefore the debtor should list those leases in this schedule.
  
- **Schedule H** (Official Form B 6H) is entitled “Codebtors.” This form requests that you indicate any person or entity that is a co-signor or joint obligor on any debt.



You should list anyone that is responsible with you for repaying a debt. Please note the directions regarding your spouse (if any), at the beginning of the form.

- **Schedule I** (Official Form B 6I) is entitled “Current Income of Individual Debtors.” This form requires you to indicate the amount of income that you, and your spouse if a joint case, receive on a monthly basis from all sources.
- **Schedule J** (Official Form B 6J) is entitled “Current Expenditures of Individual Debtors.” This form requires you to indicate the various expenses incurred on a monthly basis. Do not include payments for credit card debt or store credit cards. Schedule J should not show greater expenses than income.
- **Declaration Concerning Debtor’s Schedules** (Official Form B6) is signed by the debtor(s) attesting under penalty of perjury that the documents you are filing with the Court are “true and correct to my best knowledge, information and belief.”
- **Declaration Under Penalty of Perjury for Debtor(s) without Attorney** (Local Form) indicates whether the debtor has had assistance with the preparation of the bankruptcy filing.
- **Statement of Financial Affairs** (Official Form B7) is a comprehensive statement of the debtor(s) financial affairs. All debtors must answer questions 1-18. If a debtor has been “in business,” as defined in the form, then questions 19-25 must be answered as well.
- **Chapter 7 individual Debtor’s Statement of Intention** (Official Form B8) asks you to state what you plan to do with any property that is secured to a creditor (i.e., creditor has a security interest in it), or any property that is subject to a lease. Please note that there are deadlines within which you must fulfill your stated intentions; failure to do so ends the automatic stay as to the property involved.
- **Declaration and Signature of Non-Attorney Bankruptcy Petition Preparer** (Official Form B19) is filed only if you had the assistance of a bankruptcy petition preparer. The petition preparer completes and signs the form under the penalty of perjury. In addition, there is a place for your signature.
- **Statement of Current Monthly Income and Means Test Calculation** (Official Form B 22A) must be filed by Chapter 7 debtors.

If your income is below the median income, (and you will know this after you complete Parts I, II and III of the Means Test Calculation form), then you are eligible to file Chapter 7 and you will need to just sign the last page of the Means Test Calculation form. ***Note: Unless living separate***

***and apart from one another, both spouses' income is to be included in the calculation even if only one of them is filing bankruptcy.***

There are two check boxes at the top of first page of the Means Test Calculation form: "Presumption arises" and "Presumption does not arise." If your income exceeds the median, then you must complete the entire form before you will know which box to check. Follow the directions for each section

**Statement of Current Monthly Income and Disposable Income Calculation** (Official Form B 22C) must be filed by Chapter 13 debtors.

In Chapter 13 cases the Means Test Calculation form is used to determine your disposable income and how much you can pay creditors under a 3 or 5-year plan.

**Statement of Current Monthly Income** (Official Form B 22B) must be filed by individual Chapter 11 debtors.

Much like a tax form, these forms are complex and will require much effort to complete accurately. To complete the form you will need to know the median family income in your location and the IRS guidelines for expenses and allowances. That information can be found through a link on the Court's web site <http://www.mieb.uscourts.gov> under *Means Testing Information (Census Bureau and IRS data)*.

- **Summary of Schedules and Statistical Summary of Certain Liabilities and Related Data** (Official Form B6) is a compilation of information from schedules A-J and compiles statistical information from individual debtors whose debts are primarily consumer debts as defined in § 101 (8) of the Bankruptcy Code.

### **FILING FEE:**

Every bankruptcy petition requires a filing fee. The fee amounts are available on the Court's website. If you are unable to pay the fee there are two possible options. You may file an Application to Pay Filing Fee in Installments or you may file an Application to Waive Filing Fee. Both application forms are available on the Court's web site or from the Clerk's Office.

To qualify for a waiver of the filing fee you must earn less than 150% of the poverty level; this information is published annually by the U.S. Department of Health and Human Services. The poverty level amounts are available at [www.uscourts.gov](http://www.uscourts.gov). If you think that you qualify, you must complete and file the Application to Waive Filing Fee which must be approved by a judge. If your application is denied, you then must pay the fee in full or you may request to

pay the fee in installments by filing an Application to Pay Filing Fee in Installments, referenced above. If you miss one of the installment payments, or if the fee is not paid in full, your case will be dismissed and no part of the filing fee can be returned.

### **WHERE TO FILE:**

The Eastern District of Michigan has three offices located in Detroit, Flint, and Bay City. Please see addresses below.

U.S. Bankruptcy Court  
211 W. Fort, 17th Floor  
Detroit, MI 48226

U.S. Bankruptcy Court  
226 W. Second Street  
Flint, MI 48502

U.S. Bankruptcy Court  
111 First Street  
Bay City, MI 48707

### **SOME DETAILS OF THE BANKRUPTCY PROCESS:**

#### ■ Meeting of Creditors Pursuant to 11 U.S.C. §341(a)

Shortly after your bankruptcy is filed, the Court will send you and all creditors listed on your matrix a “Notice of Chapter \_\_\_\_ Bankruptcy Case, Meeting of Creditors, & Deadlines.” In the space after chapter, the notice will indicate which chapter you filed, 7, 11, 12 or 13. This notice alerts creditors that you have filed a bankruptcy petition and that they may be prohibited from taking certain actions against you or your property to collect a debt. It also informs them of key deadlines such as

- (1) the time within which they have to file a Proof of Claim, if it appears that there will be assets that can be liquidated to pay creditors;
- (2) the time within which to file a complaint objecting to the discharge of their particular debt under 11 U.S.C. §523(a) or objecting to the discharge of all debts under 11 U.S.C. §727(a) and,
- (3) the time within which to object to the property you claimed as exempt property (your Schedule C).

The notice has important information that you should read.

The notice of the meeting of creditors informs you and the creditors of a specific date, time and location for the meeting, which creditors are invited to attend. The notice also informs everyone that a trustee has been assigned to the case, and the name, address and other contact information for the trustee. It is the trustee’s role to examine you at the meeting of creditors regarding your financial situation and

to determine if there are any assets that you have that may not be exempt.

## ■ Tax Returns

The law requires that you provide the trustee, at least 7-days before the scheduled meeting of creditors with a copy of your latest federal tax return. Also, if a creditor requests a copy of your tax return at least 5 days before the meeting of creditors, then you must also provide a copy of your return to that creditor. In both instances, you must delete or black out certain private information, such as the names of your children, account numbers (except for the last 4-digits), dates of birth (except the year), and you must only give the last four digits of your social security number. Failure to provide the tax return as required by law may result in dismissal of your bankruptcy case. And remember, dismissal may impact the imposition or length of the automatic stay in any subsequent case filed within 12 months.

You must bring two forms of identification with you to the meeting of creditors, such as a driver's license and social security card. The trustee will examine these to verify that you are who you say you are in the bankruptcy petition. The trustee will ask you to verify that you completed the petition and schedules and that they are accurate and complete. He or she will then ask certain questions about the information you provided on your petition and the assets that you have listed in the petition. In a Chapter 7 case, if the trustee is satisfied that you have disclosed everything and if there are no assets that he or she can sell, then he or she will file a "no asset report" with the Court. This tells the Court and everyone that the trustee has examined you and has found no nonexempt assets that can be sold for the benefit of your creditors. All meetings of creditors are recorded on audio tape. The trustee will administer an oath to each debtor in which the debtor swears to answer all questions truthfully. Be aware that failing to answer any question truthfully may subject you to federal prosecution for perjury.

## ■ After the Meeting of Creditors - Chapter 7 cases

Once the meeting of creditors ends you may not hear from the trustee again unless he or she learns of something that raises a question that requires information from you or some further investigation. As noted above, the creditors and the trustee have a 60-day deadline to file complaints concerning your discharge. The 60 days run from the date of the meeting of creditors. They may seek an extension of that time by filing a motion with the court. Any pleading filed with the court will be sent to you so that you are aware of it and have the opportunity to respond, if you think it is necessary. Once that 60-days has passed and no extension has been granted, the Court will enter a discharge, provided all other requirements have been met (fee paid in full, all necessary documents filed, meeting of creditors held and closed, trustee report filed, financial management course completed and certificate filed with Court). Basically, the discharge order

relieves you of any personal liability for all dischargeable debts listed in your bankruptcy.

■ Financial Management Course

The bankruptcy law requires that all individual debtors attend an approved course in financial management before they receive a discharge. The Office of the United States Trustee has approved companies which provide financial management courses. A list of the approved providers of these courses can be found on this Court's website <http://www.mieb.uscourts.gov> under the link *Debtor Education*. Upon completion of the financial management course you must file official form B 23 ***Debtor's Certification of Completion of Instructional Course Concerning Financial Management***. Please note that this requirement is different from the credit counseling that you completed prior to filing your bankruptcy case. The financial management course must be filed to receive a discharge of debts.

■ Bankruptcy Crime

If you hide assets or property from the trustee, or fail to disclose information accurately and completely on your schedules, you may be prosecuted by the United States Attorney for a bankruptcy crime under Title 18 of the United States Code.

The trustee represented the interests of the creditors. You are required by law to cooperate with the trustee and to disclose all assets, wherever located and by whomever held, in which you may have any interest. Failure to cooperate with the trustee may cause the trustee to file a complaint objecting to your discharge under 11 U.S.C. §727(a). The bankruptcy judge would hear any complaint filed against you by any party.

■ The Discharge Order - Chapter 7

Once the time to file complaints objecting to the discharge under 11 U.S.C. §523(a) and §727(a) has elapsed (60-days from the meeting of creditors plus any extensions of time granted by the Court), the Court will enter a discharge order that effectively relieves the debtor from personal liability for any dischargeable debts. The discharge is mailed to the debtor and to all creditors.

Remember, a discharge will only be entered if you have completed all the required steps; attended the U.S. Trustee-approved credit counseling before filing; attended the meeting of creditors and any continuations of the meeting; complied

with all reasonable requests from the trustee; filed all of the documents required under 11 U.S.C. §521; completed a U.S. Trustee-approved financial management course; and lastly, any dischargeability/discharge complaints filed against you in the bankruptcy court were resolved in your favor.

■ What Are Dischargeable Debts?

11 U.S.C. §523, entitled “Exceptions to discharge,” and §727, entitled “Discharge,” relate to debts that are not discharged in bankruptcy. A reading of §727(b) gives some indication of what are dischargeable debts:

- (b) Except as provided in section 523 of this title, a discharge under subsection (a) of this section discharges the debtor from all debts that arose before the date of the order for relief under this chapter, and any liability on a claim that is determined under section 502 of this title as if such claim had arisen before the commencement of the case, whether or not a proof of claim based on any such debt or liability is filed under section 501 of this title, and whether or not a claim based on any such debt or liability is allowed under section 502 of this title.

Section 523 lists nineteen (19) types of debt that are not discharged, for example,

- taxes within a specified period of time;
- debts based on fraud or false representation;
- consumer debts owed a single creditor aggregating \$500, or more for luxury goods and services within 90-days before the filing and cash advances within 70-days before the filing;
- debts due to embezzlement or larceny;
- debts for wilful and malicious injury to a person or property; fines and penalties owed to a government;
- student loans;
- death or injury caused while driving a vehicle under the influence of alcohol or drugs;
- restitution;
- domestic support obligations and expenses incurred in the course of a divorce or separation agreement.

## **POSSIBLE EVENTS**

■ Objection to Exemptions

The trustee or a creditor may object to the exemptions you claimed. You would have to respond in writing to the objection and appear at a hearing in Court to represent your position. *Note that by local rule a party filing a pleading is*

**required to serve that pleading on all interested parties and file a certificate stating that service was made, with the name and address of each party served.**

Service can be done by a person over the age of 18, but usually it is done by sending the pleading to the other party via first class mail.

■ **Complaint Objecting to Discharge or Dischargeability of a Debt**

The trustee or a creditor may file a complaint objecting to the discharge under either or both the discharge sections (11 U.S.C. §§523 and 727). The complaint is actually a civil action and all the related discovery motions are available to the parties. A party may conduct depositions, request answers to interrogatories, request a stipulation to the facts etc.. You would need to respond appropriately to whatever motion or request a party might file. As noted in the paragraph above, you must file a certificate of service indicating to whom you sent your response.

■ **Reaffirmation Agreement**

11 U.S.C. §524(c) allows you and a creditor to enter into an agreement, called a reaffirmation or reaffirmation agreement. This is a legally enforceable document in which you promise to repay all or a portion of a debt that otherwise may have been discharged in your bankruptcy case. Oftentimes the agreement involves an automobile in which the creditor has a security interest.

To be valid and enforceable, a reaffirmation agreement must be filed with the court. **While the reaffirmation must be entered into before the discharge is granted,** Federal Rule of Bankruptcy Procedure 4008 provides that the signed reaffirmation can be filed with the Court within 30-days after the discharge is granted. If an individual is not represented by an attorney during the negotiating of the reaffirmation agreement, then the Court must hold a hearing to approve the agreement. The Court must find that the reaffirmation does not impose an undue hardship on the debtor or the debtor's dependents and that it is in the best interest of the debtor. The debtor can rescind the agreement prior to the discharge being granted or within 60 days after the agreement is filed with the Court, whichever is later, by giving notice to the other party to the agreement, i.e., the creditor.

Reaffirmation agreements are strictly voluntary; **they are not required by bankruptcy law or any other state or federal law.** You can voluntarily repay any debt instead of signing a reaffirmation agreement, but there may be valid reasons for wanting to reaffirm a particular debt. ***Note that if you reaffirm a debt and fail to make the payments required in the reaffirmation agreement, the creditor can take action against you to recover any property that was given as security for the loan and you may remain personally liable for any deficiency or other remaining debt.***